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UK borrowers likely to seek mortgage advice in the wake of the COVID-19 pandemic, research from Legal & General Mortgage Club shows

- Three in five (60%) borrowers whose financial circumstances have been impacted by the pandemic agree it will be important to seek advice when looking to secure their next mortgage.
- A third of households that need to remortgage (35%) have at least one individual who has been financially affected by COVID-19, with almost two thirds (60%) of borrowers saying they will consult an adviser when remortgaging.
- There is also a need for advisers to promote the benefits of protection with just one in five borrowers (20%) currently accessing Critical Illness Cover and even fewer (11%) using Income Protection

UK borrowers who have been financially impacted by the COVID-19 crisis are likely to seek mortgage advice, according to Legal & General Mortgage Club. Its latest research uncovered three in five borrowers (60%) whose financial circumstances have changed and 50% of borrowers who have not seen a change to earnings say that it will be important to seek advice when looking for their next mortgage.

The Club's research found that well over half (60%) of all borrowers say they will likely reach out to an adviser when remortgaging, presenting a growing opportunity for intermediaries to help borrowers who need a mortgage in the wake of the pandemic. The high demand is also underpinned by the latest UK Finance data which shows over 700,000 residential fixed rate mortgage products will mature this year.¹

Understanding how different mortgage options can support their individual lending needs will be essential for homeowners following the COVID-19 pandemic, with one in three respondents (35%) that needs to remortgage stating that at least one individual in their household has been negatively impacted financially by the pandemic.

The research also uncovered that there is a need to educate consumers on the importance of protection when securing a mortgage. Just 21% of those who have not seen their income change and 35% of those who have been financially impacted by the crisis say they will consider taking out life insurance when remortgaging. Moreover, just one in five (20%) borrowers have critical illness cover and even less (11%) have income protection. Changing situations may mean that borrowers need extra protection, presenting further opportunities for advisers in supporting their clients, which is why Legal & General has developed a practical mortgage review checklist and a virtual workshop for advisers to engage with.

“It’s encouraging that most consumers continue to view independent mortgage advice as a route to securing a great mortgage deal. This is crucial given the current challenges many are facing due to a change in circumstances, as working with an adviser could help them find a better suited product than by going it alone. With plenty of great value mortgages on offer, borrowers who have seen their incomes impacted by the crisis are even more likely to need an adviser to navigate the wide range of products

¹ UK Finance, Residential Mortgage Maturity data, 2021

suites to furloughed applicants and those who have accessed payment deferrals with cutting edge tools like SmartrFit offering a quick and efficient way for advisers to access the most suitable products.

“Advisers have a clear opportunity to support borrowers, helping them avoid overpaying on their mortgage as well as finding products which cater for their individual needs. , And, once the borrower has identified the right mortgage, it’s equally important that they protect themselves and their loved ones should the worst happen. The unique circumstances we find ourselves in have presented advisers with a great opportunity to prove their value and by helping customers achieve the best outcomes, they too can benefit.”

Kevin Roberts, Director, Legal & General Mortgage Club

Notes to editors

About Legal & General

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1.1 trillion in total assets under management, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

About Legal & General Mortgage Club

Legal & General Mortgage Club is one of the UK’s largest and longest-running mortgage clubs, completing £667bn of mortgages since 1995. We are involved in nearly one in five of all mortgages in the UK, in addition to nearly one in three of all intermediated mortgages. The Mortgage Club prides itself on adding value to the adviser community by working closely with new and existing lenders to deliver great products, pricing and criteria. Our popular SmartrFit tool, which is free to advisers, combines an affordability calculator with lender criteria to provide accurate, quick results, to help make advisers jobs easier so they can spend time where it matters.

<https://www.legalandgeneral.com/adviser/mortgage-club/>

Methodology

The data was collated from a survey of more than 1,000 consumers with a mortgage conducted by Legal & General Mortgage Club.

Further information [journalists only]

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